

Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 OPIC-03 EB-07 L-03 TRSE-00 COME-00

INRE-00 CIAE-00 INR-07 NSAE-00 AID-05 FRB-03 OMB-01

SS-15 NSC-05 NSCE-00 SP-02 XMB-02 /064 R

DRAFTED BY NEA/PAB:DBARCHARD/OPIC:RBROWN/MW

APPROVED BY NEA/PAB:PWLANDE

OPIC/GC:RSTERN (DRAFT)

EB/IFD/OIA:DHSTEBBING (SUBSTANCE)

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FM SECSTATE WASHDC

TO AMEMBASSY DACCA IMMEDIATE

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E.O. 11652:N/A

TAGS: EINV, BG, US

SUBJECT: BELBAGCO CLAIM

REF: STATE 213294 AND PREVIOUS

1. DEPARTMENT AND OPIC OFFICERS MET AUGUST 27 WITH BANGLADESH ECONOMIC MINISTER KARIM WHOM WE HAD CALLED IN TO DISCUSS THE BELBAGCO CASE. WE PROVIDED KARIM WITH A COPY OF THE SUBSTANCE OF REFTEL AS WELL AS A COPY OF THE JUNE 25 LETTER FROM INDUSTRIES SECRETARY MAJID-UL-HAQ AND REVIEWED WITH HIM THE ESSENTIAL POINTS THEREOF. KARIM APOLOGIZED FOR WHAT HE CHARACTERIZED AS A ROUTINE RESPONSE FROM THE BDG BUREAUCRACY. KARIM RECOGNIZED THE IMPORTANCE OF OPIC'S INTEREST IN THE CASE, POINTING OUT THAT THE BDG IN OTHER SITUATIONS HAD NOT QUESTIONED ITS OBLIGATION TO EXIM OR COOLEY LOANS, AND EXPRESSED A DESIRE TO BE QUICKLY RESPONSIVE TO SETTLING IT.

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2. THE MINISTER MENTIONED SEVERAL TIMES THE NEED FOR A "PSYCHOLOGICAL BREAKTHROUGH" TO OVERCOME THE BDG'S UNWILLINGNESS TO HANDLE ANY CLAIMS IN WHICH IT MIGHT APPEAR THAT PAKISTANIS HAVE A FINANCIAL INTEREST. CONSEQUENTLY, HE READ CAREFULLY THE FIRST PARAGRAPH OF OUR RESPONSE TO HAQ WHICH DEALT WITH US OWNERSHIP OF BELBAGCO AND SUGGESTED

THAT WE FURTHER EMPHASIZE THE ABSENCE OF ANY PAKISTANI OWNERSHIP. WE POINTED OUT THAT THE ONLY SHARES OF STOCK IN BANGLADESH FABRIC COMPANY (BDF) OWNED BY PAKISTANIS WERE THE TWO SHARES (VALUE US DOLS 50) THAT HAD TO BE ISSUED TO BELBAGCO ATTORNEYS WHO INCORPORATED THE COMPANY IN KARACHI. EVEN THESE SHARES ARE HELD IN TRUST, WITH BELBAGCO AS THE BENEFICIAL OWNER THEREOF. (THE TOTAL NUMBER OF SHARES ISSUED WAS 65,161.)

3. IN RESPONSE TO KARIM'S REQUEST THAT WE DETAIL THE NEXT STEP WHICH WILL GET THE CASE MOVING, OPIC REQUESTED THAT (A) THE BDG RECOGNIZE OPIC'S INTEREST IN BELBAGCO IN WRITING (MAKING REFERENCE TO THE SEPTEMBER 15 CLAIMS DEADLINE) AND (B) TO ACKNOWLEDGE THE LIABILITY OF THE BDG TO PAY COMPENSATION WITH RESPECT TO THE BDF, CONTRARY TO THE POSITION TAKEN BY HAQ IN THE JUNE 25 LETTER. WE INDICATED THAT THE NEXT STEP WOULD BE FOR THE BDG TO COMMUNICATE WITH OPIC TO DISCUSS THE APPROPRIATE AMOUNT OF COMPENSATION TO BE PAID.

4. KARIM PROMISED THAT HE WOULD TELEPHONE DACCA THAT EVENING. HE HAD EARLIER TOLD US THAT, AS AMBASSADOR SIDDIQI IS CURRENTLY IN DACCA, HE FORESAW THE POSSIBILITY OF A QUICK SOLUTION TO THE CASE USING SIDDIQI'S GOOD OFFICES.

5. ACTION REQUESTED: WITH REFERENCE TO KARIM'S CONCERN THAT WE EMPHASIZE THE LACK OF PAKISTANI INTEREST IN EITHER BELBAGCO OR BDF, YOU SHOULD INCLUDE A STATEMENT TO THE FOREGOING EFFECT IN YOUR LETTER TO HAQ. (IF YOU HAVE ALREADY DELIVERED THE LETTER, YOU MIGHT DRAFT A SUPPLEMENTARY ONE WHICH INCLUDES MENTION OF OUR MEETING WITH KARIM AND HIS EXPRESSION OF THE IMPORTANCE OF OUR MAKING THIS LIMITED OFFICIAL USE

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POINT.) KISSINGER

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